

STATEMENT OF CONSIDERATIONS

**CLASS WAIVER OF THE GOVERNMENT'S U.S. AND FOREIGN
PATENT RIGHTS IN INVENTIONS MADE IN THE PERFORMANCE
OF PERSONNEL EXCHANGE AGREEMENTS ENTERED INTO
BETWEEN LOCKHEED MARTIN ENERGY SYSTEMS, INC.,
UNDER ITS DEPARTMENT OF ENERGY MANAGEMENT AND
OPERATING CONTRACT NO. DE-AC05-84OR21400 AND
INDUSTRIAL PARTNERS; W(C)-94-009; ORO-583**

The United States Department of Energy (DOE) considers the scientific and technical personnel of Lockheed Martin Energy Systems, Inc. (Energy Systems) that work at certain of DOE's Oak Ridge Operations (ORO) research and industrial facilities valuable resources to DOE's energy research and development and national security missions.

Congress enacted the National Competitiveness Technology Transfer Act of 1989 (NCTTA) to promote technology transfer between government-owned, contractor-operated (GOCO) laboratories, such as the ORO facilities operated by Energy Systems, and the private sector in the United States and to enhance collaboration between industry and government to foster development of technologies in areas having significant economic potential. One way to enhance such collaboration is through personnel exchanges whereby scientific and technical personnel from Energy Systems are assigned to the facilities of Industrial Partner hosts, and Industrial Partners' personnel are assigned to ORO facilities where Energy Systems is the host.

Allowing Energy Systems personnel to obtain experience and knowledge of industry's techniques, both in performance and in management of research and development, would enhance the facilities in the performance of their DOE mission. This need is based on the recognition that without personnel exchanges, Energy Systems, by the nature of their functions in performing DOE missions, could become isolated from current technological and managerial practices which lie in the mainstream of industry. Such isolation of Energy Systems would tend to reduce the facilities' capability to utilize current industrial technology. Although Energy Systems attempt to maintain their capabilities at the industrial "state of the art" level, this will be increasingly difficult in a climate of dwindling federal funds for research and development. The isolation of Energy Systems geographically, by security classification constraints and by a low turnover of key employees, can be greatly offset by providing for short term exchanges of Energy Systems personnel with corresponding industrial staff.

While the NCTTA has greatly facilitated GOCO and industrial collaboration by providing for Cooperative Research and Development Agreements (CRADAs) between the parties, personnel exchanges have been under-utilized as a technology transfer mechanism, in part because under the terms of the management and operating contract, title in inventions made by a GOCO employee,

while doing research at the facility of the Industrial Partner under a personnel exchange agreement, would vest in the Government or the GOCO.

Faced with the prospect of losing rights to its commercially valuable technology by permitting Energy Systems researchers to work on ongoing projects and possibly make inventions that would be owned by the Government or Energy Systems, industry has been reluctant to host Energy Systems researchers under personnel exchange agreements and unwilling to assign Energy Systems researchers to projects involving technology that is commercially valuable.

Based on the reasons outlined above, it is Energy Systems' position that the participation of Industrial Partners in personnel exchange agreements will be difficult or impossible to obtain unless there is advance assurance that the Partners will obtain rights in the inventions generated by Energy Systems researchers assigned to them. Therefore, to ensure that the Department's policy regarding invention rights not be perceived by industry as a barrier or disincentive to Energy Systems personnel participating in personnel exchanges, this Class Advance Waiver shall ensure in advance that the Industrial Partners will obtain ownership rights in inventions made by Energy Systems personnel assigned to Industrial Partners' facilities under a personnel exchange agreement. Such a waiver affords predictability in the relationship among the DOE, Energy Systems and the Industrial Partners regarding allocation of rights in inventions. No waiver is necessary when the exchange is in the other direction with personnel from the Industrial Partner being assigned to perform work at the ORO facilities operated by Energy Systems. In the latter case, inventions made by the assigned industry researcher have been waived to Energy Systems through class waiver W(C)-90-014, and the waiver is implemented by an appropriate entrance agreement signed by the industrial researcher that reflects that class waiver.

As explained previously, DOE benefits from the exchange of scientific and technical personnel between Energy Systems and Industrial Partners because, not only are Energy Systems personnel exposed to the nature of private industry practices and research, but also Energy Systems is provided with outside scientific and technical personnel to work on Energy Systems research at ORO facilities. This mutual enrichment will result in a broader perspective on the part of the exchanged researchers and an appreciation of the unique challenges faced by industry and the Government and how they respond to these challenges.

The waiver of the Government's rights is justified in this case for a number of reasons. Since industry would be more willing to enter into personnel exchange agreements with this waiver in place, negotiations would be easier, the Energy Systems researcher would get exposure to cutting edge technology and industrial practices and DOE's technology transfer goals would be furthered. Sufficient justification is found to support granting of the waiver since the Industrial Partner has normally invested heavily in its background research and development and should be entitled to keep that which is created as a result of that investment. Further, the work performed by the Energy Systems exchange employee will most likely not be of direct programmatic interest to DOE.

The scope of this Class Advance Waiver covers inventions made by Energy Systems employees assigned to the Industrial Partner's facility under a DOE-approved Personnel Exchange Agreement (Agreement) between Energy Systems and the Industrial Partner. Under the terms and conditions of the Agreement between Energy Systems and the Industrial Partner, the assigned personnel will remain employees of the assigning party and salary, benefits and other expenses of the assigned employees will be borne by the assigning party. Thus, each Energy Systems employee assigned to an Industrial Partner under a personnel exchange agreement remains an employee of Energy Systems. Under this Class Advance Waiver, the Industrial Partner has the right to elect title to inventions made by Energy Systems employees while assigned to the Industrial Partner's facility pursuant to a personnel exchange agreement.

This waiver of the Government's rights in inventions as set forth herein is subject to the Government's retention of: 1) a non-exclusive, non-transferable, irrevocable, paid-up license to practice or have practiced for or on behalf of the United States the waived invention, and 2) march-in rights in accordance with Pub. L. 96-517, as amended.

This Class Advance Waiver offers the necessary incentive for Industrial Partners to participate in Energy Systems' personnel exchange program and, in addition, appears justified by the reciprocal benefits of the exchange program.

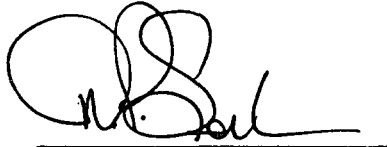
Accordingly, in view of the above objectives and considerations as well as any other considerations set forth for advance waivers in 41 CFR 9-9.109-6, all of which have been considered, it is believed that grant of the requested class waiver will best serve the interests of the United States and the general public. It is, therefore, recommended that the class waiver be granted.

7/2/96
Date

Colette Minenzu for
Katherine Lovingood
Office of Intellectual Property
Counsel and Technology Transfer

Based on the foregoing Statement of Considerations, it is determined that the interests of the United States and the general public will best be served by granting a waiver of United States and foreign patent rights to inventions as set forth herein and, therefore, the waiver is hereby granted.

CONCURRENCE:



Thomas P. Seitz
Deputy Assistant Secretary for
Military Application and
Stockpile Management

Date 7-19-96

APPROVAL:



Paul A. Gottlieb
Assistant General Counsel for
Technology Transfer and
Intellectual Property

Date 7-25-96

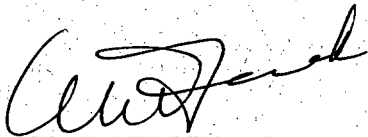
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Date 7/16/91

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